

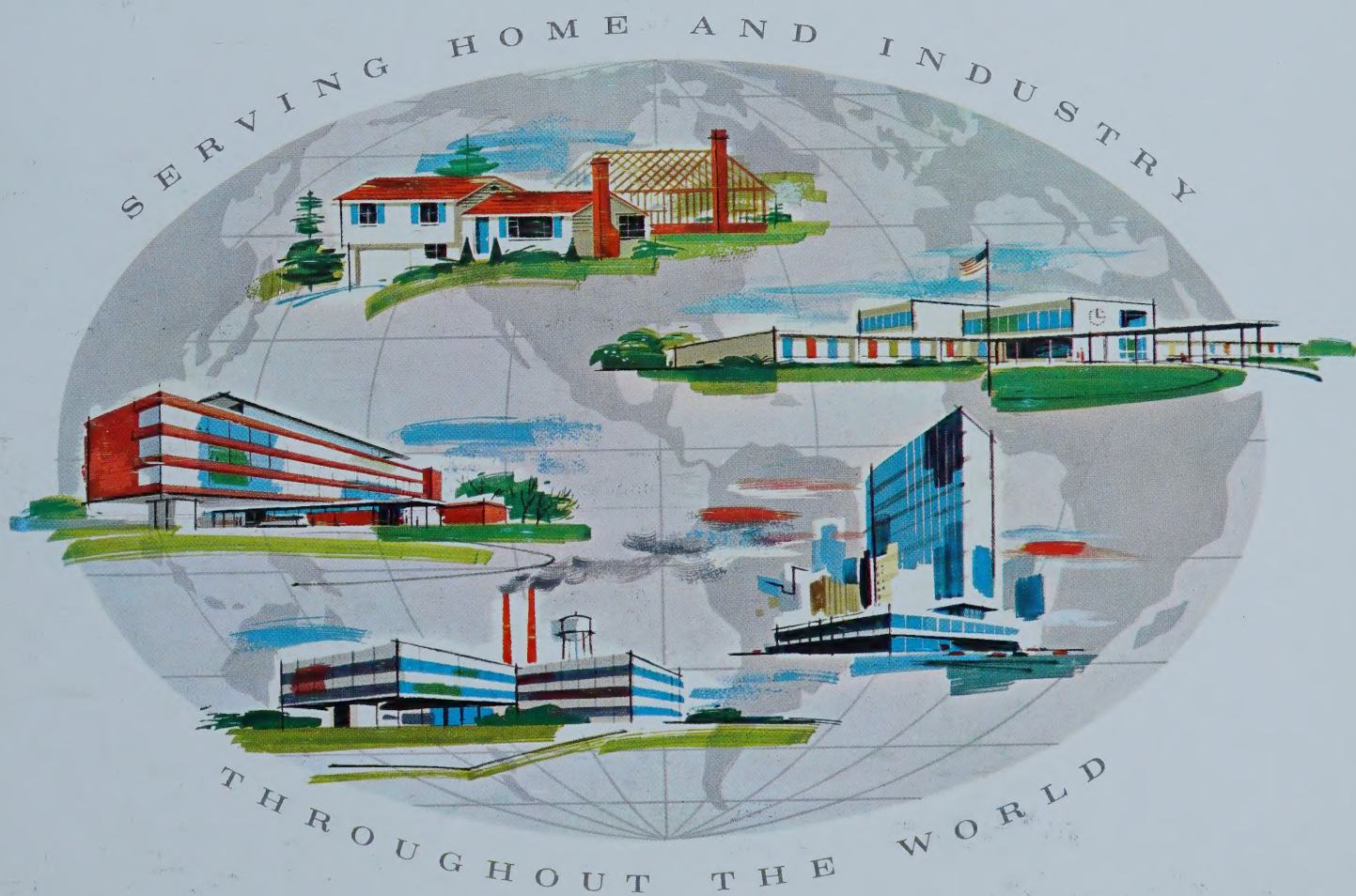
ANNUAL REPORT FOR THE YEAR 1959

AR53



AMERICAN-Standard

MAR 23 1960



AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

American-Standard Provides

FOR HOMES:

Air conditioning equipment, heating units, plumbing fixtures and fittings, kitchen cabinets, dishwashers, food waste disposers, ovens, ranges, water heaters, controls.

FOR EDUCATIONAL BUILDINGS:

Classroom heating and ventilating units, desk seats and tops, plumbing fixtures, air conditioning equipment.

FOR COMMERCIAL AND INSTITUTIONAL BUILDINGS:

Central system and packaged air conditioning equipment, centrifugal refrigerators, heating and ventilating units, plumbing fixtures, valves.

FOR PUBLIC UTILITY POWER PLANTS:

Fluid drives for speed control, mechanical draft blowers, automatic controls, condensers, feed water heaters, shell and tube heat exchangers, mechanical and electrostatic fly ash precipitators.

FOR PROCESSING INDUSTRIES:

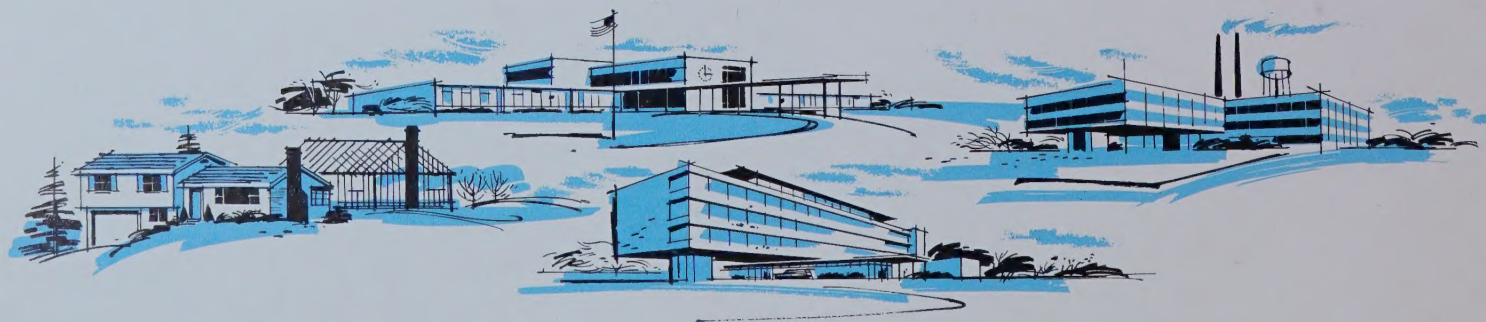
Variable speed fluid drives, centrifugal gas compressors, fans and blowers, dust collectors, controls, heat exchangers, refrigeration units, valves.

FOR MANUFACTURERS OF APPLIANCES, VEHICLES AND OTHER EQUIPMENT:

Controls, valves, detergent dispensers, desk seats and tops, metal stampings, molded plastics.

FOR ADVANCED TECHNOLOGICAL AREAS OF GOVERNMENT AND INDUSTRY:

General research, development and design services in astronautics, nucleonics and electronics; heat exchangers, reactors and other components for atomic power; cooling blowers for radar and other electronic apparatus; nuclear instrumentation systems.





AMERICAN-Standard

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

ANNUAL REPORT FOR THE YEAR 1959

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ANNUAL MEETING: The Annual Meeting of Stockholders will be held on Wednesday, May 4, 1960, at 11 o'clock a.m., in the Ballroom of the Commodore Hotel, Lexington Avenue at 42nd Street, New York City.

EXECUTIVE OFFICES: 40 West 40th Street, New York 18, N. Y.

AUDITORS: Arthur Young & Company, New York, N. Y.

GENERAL COUNSEL: Sullivan & Cromwell, New York, N. Y.

STOCK TRANSFER OFFICES: *Preferred and Common Stocks:*
Office of the Corporation, 40 West 40th Street, New York, N. Y.
Common Stock:
Harris Trust and Savings Bank, Chicago 90, Illinois.

REGISTRARS: *Preferred and Common Stocks:*
The First National City Bank of New York, New York 15, N. Y.
Common Stock:
The First National Bank of Chicago, Chicago 90, Illinois.

Financial Highlights



Consolidated— including Canadian and European Subsidiaries

	1959	1958
Net sales	\$517,413,000	\$476,620,000
Net income	21,371,000	14,987,000
Per share of common stock	1.80	1.25
Dividends paid—preferred stock	307,000	307,000
—common stock	8,775,000	6,440,000
Per share of common stock75	.55
Net income retained after payment of dividends	12,289,000	8,240,000
Working capital	163,136,000	146,278,000
Ratio of current assets to current liabilities	3.6 to 1	3.8 to 1
Property, plant and equipment—net . . .	147,909,000	149,533,000
Capital expenditures	14,536,000	16,865,000
Depreciation	15,187,000	13,454,000
Book value per share of common stock .	23.45	22.38
Average number of employees	37,100	37,400

See notes to financial statements for principles of consolidation.



A Letter from the President

To our Stockholders:

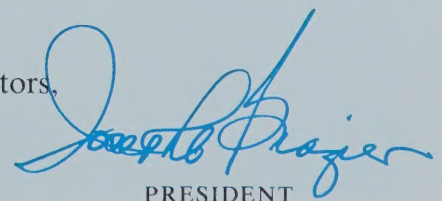
The financial highlights on the opposite page indicate the substantial improvement made in American-Standard sales and earnings in 1959. Comment on the year's operations is contained in the Review of 1959 which follows, and detailed figures will be found in the Financial Section.

Our report this year consolidates the results of operations in the United States, Canada and Europe for the first time since the beginning of World War II. This method of reporting reflects more completely the full size and scope of our business and the importance of our wide-spread international operations.

American-Standard moves into the 1960's alert to both the opportunities and the challenges that lie ahead. Throughout the free world we see large increases in population, intensified demands for higher standards of living, and substantial improvement in economic strength. This presents the opportunity for us to increase sales of our products. In preparation, we have done much both here and abroad to improve and increase our production capacities, our financial strength, our product development activities and, most importantly, our management talent. We enter the decade of the 1960's with determination and optimism.

Again this year I am sincerely grateful for the loyalty and assistance of the American-Standard family of stockholders, customers and employees.

By order of the Board of Directors,


PRESIDENT

February 26, 1960

Review of 1959

American-Standard is an international enterprise, conducting operations in eleven different countries. The operations outside the United States constitute a significant part of the whole and contribute importantly to total sales and profits. In order to present the full scope of our business more clearly, we are resuming the practice of consolidating the accounts of our Canadian and European subsidiaries with those of the U. S. Company. This practice was interrupted in 1939 because of the commencement of World War II.

UNITED STATES: Earnings Increase Sharply on Rise in Sales

Sales in the United States in 1959 totaled \$397,148,439, compared with 1958 sales of \$350,059,466. Profits increased to \$11,074,365 in 1959 from \$4,914,114 in 1958.

Results in 1959 bettered those of 1958 in each quarter, with the most marked increases occurring in the third quarter.

Expanded Market and Improved Margins Highlight Home Product Operations in U.S.

Homebuilding in the United States in 1959 ran a close second to the record year of 1950, with a total of 1,375,000 housing starts. The resulting increase in demand for bathrooms, kitchens, heating, air conditioning and water heaters was reflected in our home products sales volume.

Sales rose and profit margins improved. This improvement resulted from increased price stability throughout the industry, and from operating improvements.

The pressure on profit margins in recent years is pointed up by the fact that many of our home products are still selling below the price level of four or five years ago despite increases in labor and material costs.

American-Standard has been working to counteract this, principally by strengthening product development work, improving production processes and continuing cost reduction programs. Tangible results from this effort were obtained in 1959.

Demand For Engineered Products in U. S. Lags

Engineered products made by American-Standard are used by commercial and industrial enterprises. General industrial spending for expansion and rehabilitation remained at low levels. As a result, sales of these products did not improve during the year and we did not achieve our profit goals in this area.

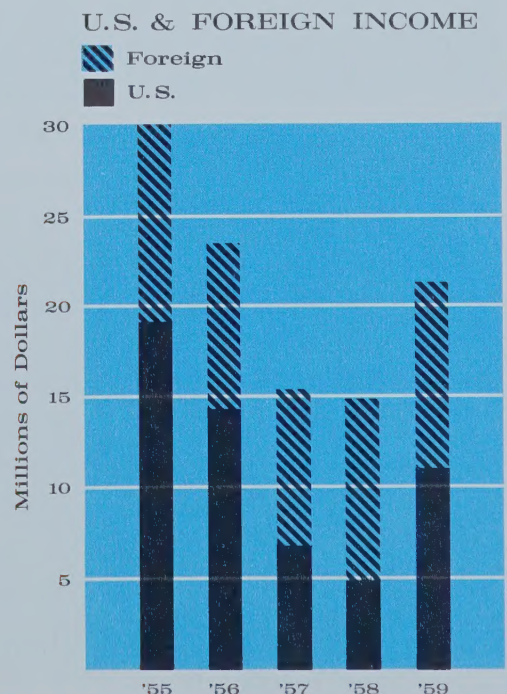
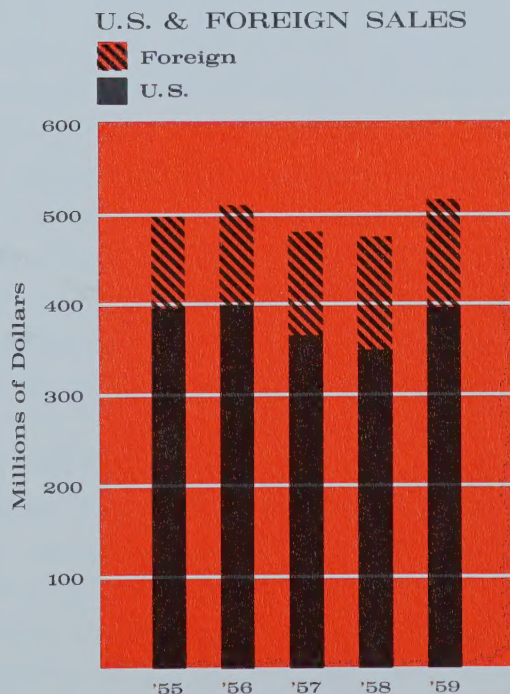
Emphasis on product development, cost reduction and aggressive marketing in the engineered products area was increased during 1959. We entered the 1960's in a strong position for expansion of sales of these products.

ABROAD: Sales and Earnings Continue at High Levels

The dollar volume of sales of foreign subsidiaries in 1959 was \$120,264,757, compared with 1958 sales of \$126,560,103. Earnings amounted to \$10,296,892 as compared to \$10,073,288 in 1958.

Dollar volume of sales in Europe in 1959 was slightly below 1958, mainly because of the revaluation of the French franc which became effective at the beginning of 1959. Costs of materials and labor are generally rising throughout Europe but, as in the United States, compensating price increases cannot always be made.

Europe is enjoying one of its greatest periods of prosperity. The development of the European Common Market is stimulating capital investment both within member nations and among the non-member free trade nations of Europe.



American-Standard has subsidiary companies in each country of the Common Market except Luxembourg, and in four of the seven non-member free trade countries. These companies are well established, some of them having been in operation for more than half a century.

Home-building in Canada declined somewhat in 1959 and, as in the United States, the market for engineered products was weak. However, the general economy remained strong, and sales during the year came close to matching those of 1958, and earnings increased substantially.

WORLD MARKETS: Rapid Changes Point Up Opportunities, Challenges

Demands for improved standards of living are causing enormous growth and change in the markets throughout the world. One of the early ways in which this is reflected is in improved living quarters and use of home equipment, particularly in bathrooms, kitchens and comfort conveniences. The market potential for our products is thus increased.

Some of these important markets are not open to our products because of various trade restrictions, local competition or national ambitions. American-Standard is making studies of some of the markets with a view to meeting the situation by selective expansion of manufacturing and selling facilities.

RESEARCH: New Products and Methods

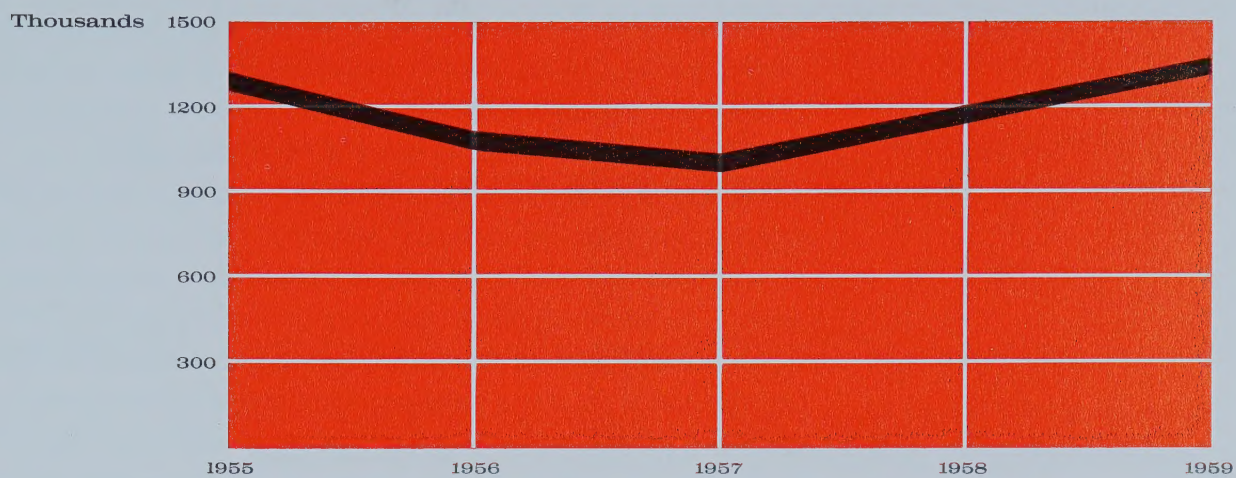
Research and development expenditures were approximately \$4,800,000 in both 1959 and 1958.

The development of basic invention and scientific search for new materials and processes are primary responsibilities of the Company's central laboratory in Union, N. J. The staff research group also coordinates and stimulates product development in the operating divisions. This organizational arrangement has resulted in gratifying progress in our diversified market areas.

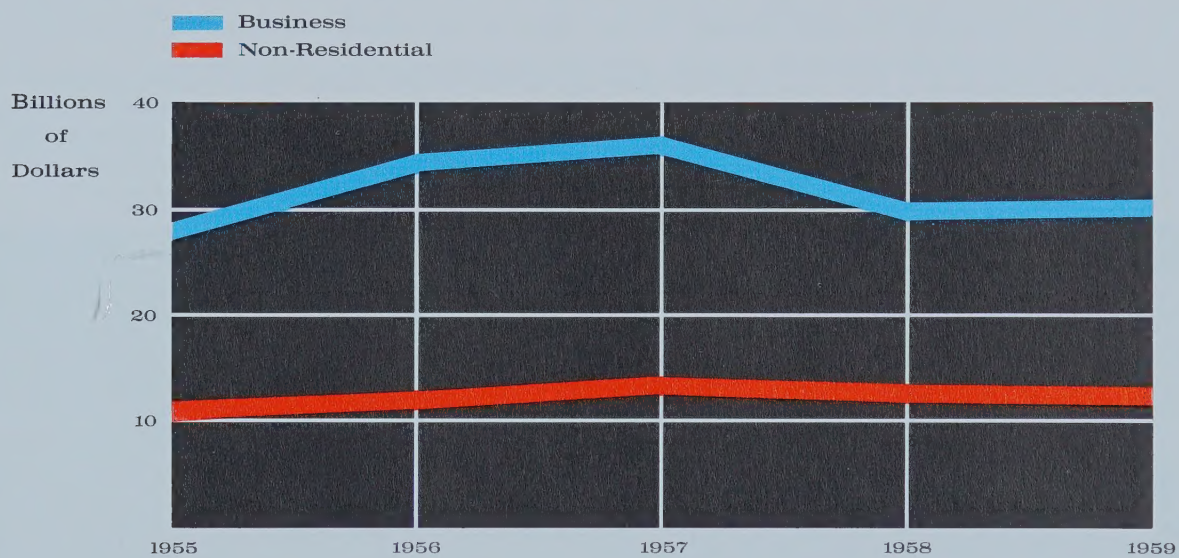
Significant research and production projects were completed by our Advanced Technology Laboratories during the past year in the fields of astronautics, nucleonics and electronics. A substantial research project involving high temperature plasma is currently being done for Euratom, under sponsorship of the Atomic Energy Commission. We have also been awarded development contracts on the control of satellites.

Among the product developments in the operating divisions in 1959 were a new and improved line of plumbing fittings; the Contour bath; plastic hardware for toilet seats; a line of high efficiency blowers; new mixing valves and detergent dispensers for appliances; improved models in several air conditioning products. In all divisions, product development is proceeding at an accelerated pace, and many new and improved designs are scheduled for release in 1960.

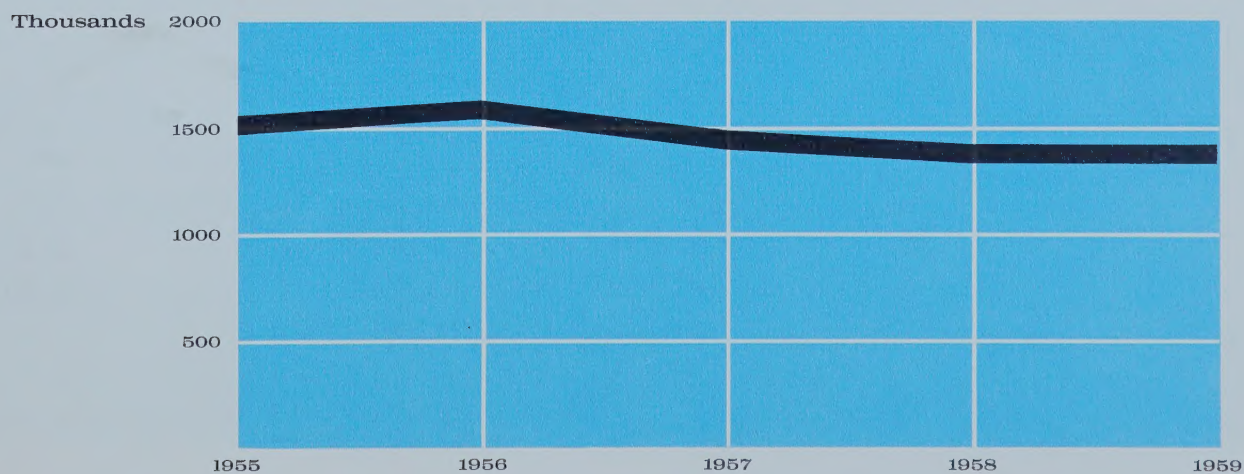
U.S. HOUSING STARTS



U.S. BUSINESS AND NON-RESIDENTIAL SPENDING



EUROPEAN DWELLING UNIT COMPLETIONS*



*Austria, Belgium, England, France, Germany, Italy, Netherlands, Switzerland

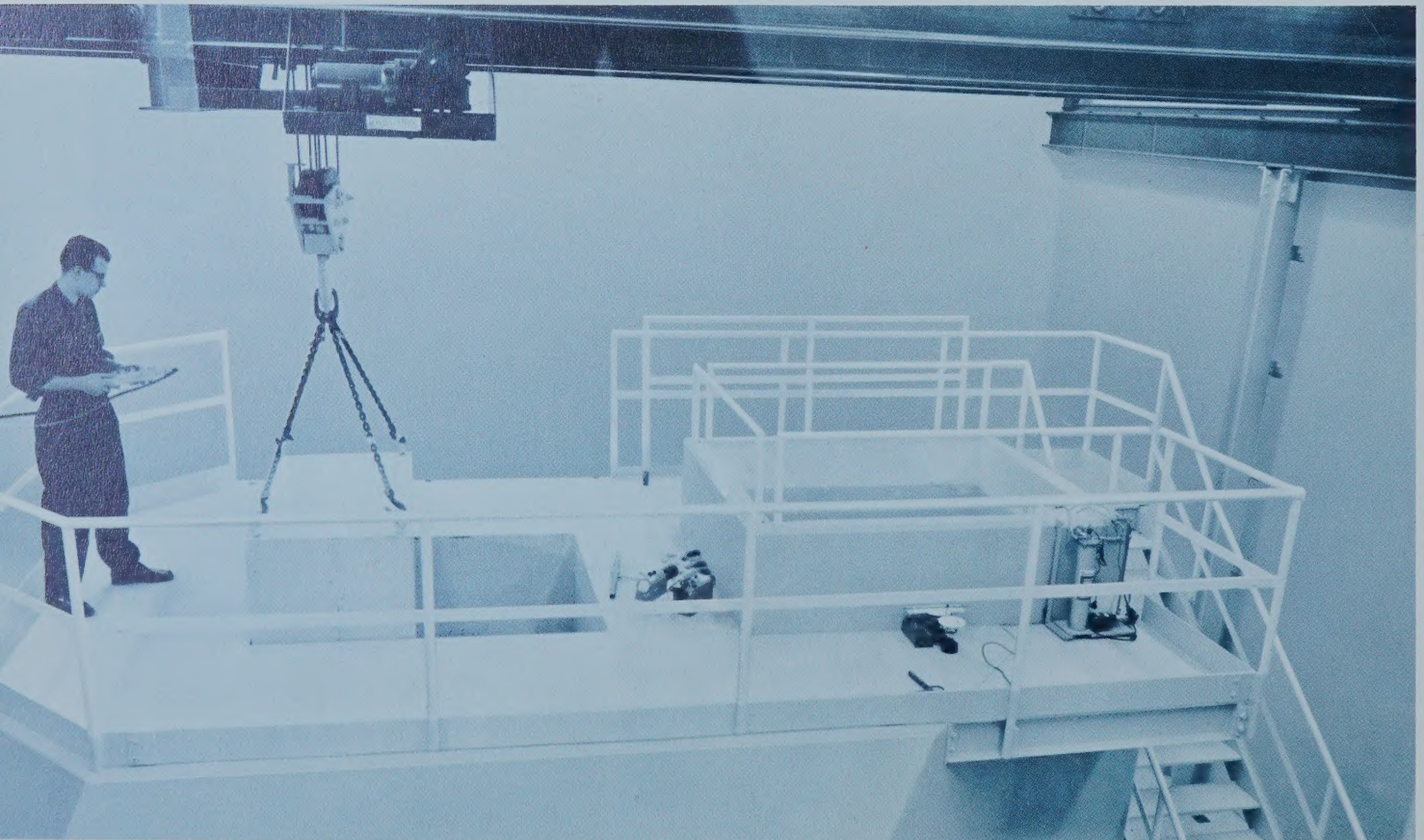
ORGANIZATION: **Military Products Division Sold**

In February, 1960, the business and facilities of our Military Products Division were sold to the Northrop Corporation. Included in the sale were three plants in Norwood, Massachusetts, utilized in the production of gyros and other guidance equipment and in development work in these fields.

The Division was an outgrowth of our purchase of Controls Engineering Corporation. After the industrial portion of this business had been integrated into our Detroit Controls Division to expand and strengthen that division, the operations related to military uses were set up as a separate division.

While the Military Products Division earned an acceptable place in the military equipment market, it became evident that continued growth would require additional specialized research and facilities to widen the base of the operation. We believe our capital and our managerial efforts can earn greater returns for us in other product areas.

Atoms for Peace. The attendant below is lowering one of the heavy concrete top closures of the American-Standard University Teaching and Research Reactor at Virginia Polytechnic Institute. The design, production and installation of such reactors is only a part of our activity in the nuclear field. Work goes forward on a variety of research and development contracts for the U. S. government's Atomic Energy Commission and Euratom, the European Common Market association for nuclear development.



ANTI-TRUST SUIT: Summary Judgment Motion Withdrawn

In the action brought by the Government claiming that the merger with Mullins Manufacturing Corporation in 1956 violated Section 7 of the Clayton Act, a Government motion for summary judgment was withdrawn in July, 1959. The case is thus in a position where trial on the merits can be held in 1960, but a decision by the trial court cannot be expected in any event before the latter part of the year.

MANAGEMENT: Consideration of Incentive Program

In the course of the year, the Salary Committee of the Board of Directors considered the management compensation policies which had been followed by the Corporation. As a result of this study, the Committee recommended, and the Board of Directors has adopted, subject to approval by the stockholders, a Management Incentive Plan and a Stock Option Plan. Both Plans will be submitted for consideration by stockholders at the Annual Meeting on May 4, 1960.

Information concerning the Stock Option Plan is included in the Notes to Financial Statements on page 17. Full details concerning both Plans will be included in the Proxy Statement issued in conjunction with the forthcoming Annual Meeting of stockholders.

Following adoption of the Stock Option Plan by the Board of Directors, the Company purchased 25,000 shares of common stock, which shares are held in treasury for possible delivery under the Stock Option Plan, Management Incentive Plan or for other corporate purposes.

New Director Elected, Executive Appointments Made

Charles H. Hodges, Jr., retired during the year from his positions as Vice President, Director and member of the Executive Committee. Mr. Hodges had served with American-Standard with devotion and distinction since 1919, and had been a member of the Board of Directors since 1943.

Laurence C. Ward, Vice President, Finance, was elected to succeed Mr. Hodges as a Director.

The following executive appointments were made during the year:

Albert O'B. Andrews, President, Industrial Division

Robert L. Cleveland, President, Tonawanda Iron Division

Clyde H. Wilkinson, President, Air Conditioning Division

E. Justin Wilson, President, Advanced Technology Laboratories

Sydney A. Woodd-Cahusac, Assistant Treasurer

American-Standard Bathrooms and Kitchens



Twin lavatories add to the utility of this beautiful bathroom. American-Standard fixtures are available in a large variety of sizes, designs and colors to suit every decorating taste.

The new Provincial kitchen by Youngstown Kitchens combines the beauty of classic styling with the utility of modern laminate finishes for mar-resistant service.



Financial Section

U.S., CANADIAN AND EUROPEAN FIGURES CONSOLIDATED

The figures of prior years have been adjusted and restated to conform to the principles of consolidation set forth in the notes to the financial statements. Turnover taxes of certain countries, included in net sales in the past, have been eliminated and all sales figures have been restated on a consistent basis.

Statistical summaries, including a breakdown between U. S. and foreign operations, appear on pages 18 and 19.

SALES Consolidated net sales in 1959 totaled \$517,413,196 compared to \$476,619,569 in 1958, an increase of 9%. Sales of the U. S. Company and foreign subsidiaries were as follows:

	1959	1958
U. S. Company	\$397,148,439	\$350,059,466
Foreign subsidiaries	<u>120,264,757</u>	<u>126,560,103</u>
	<u>\$517,413,196</u>	<u>\$476,619,569</u>

Sales by quarters for 1959 and 1958 were:

Quarter	1959	1958
First	\$116,399,000	\$107,678,000
Second	130,465,000	114,403,000
Third	137,418,000	125,990,000
Fourth	133,131,000	128,549,000

EARNINGS Consolidated net income amounted to \$21,371,257, or \$1.80 per common share, as compared with \$14,987,402 for 1958, or \$1.25 per common share, an increase of 43%. Earnings of the U. S. Company and foreign subsidiaries were as follows:

	1959	1958
U. S. Company	\$ 11,074,365	\$ 4,914,114
Foreign subsidiaries	<u>10,296,892</u>	<u>10,073,288</u>
	<u>\$ 21,371,257</u>	<u>\$ 14,987,402</u>

Dividends received in the United States from foreign subsidiaries, not included in the earnings of the U. S. Company above, amounted to \$4,985,518 in 1959 and \$5,353,600 in 1958, after withholding taxes of \$527,401 and \$254,328, respectively.

DIVIDENDS Dividend payments on common stock in 1959 totaled \$8,774,925, equivalent to \$.75 per share. In 1958 dividend payments on common stock were \$6,440,466, equivalent to \$.55 per share. In both years dividends of \$307,048 were paid to holders of preferred stock.

WORKING CAPITAL Our financial position continues strong. Working capital at the year end amounted to \$163,135,901, an increase of \$16,858,078 over 1958. A comparative summary of working capital at December 31 is shown below:

	1959	1958
Cash	\$ 30,936,401	\$ 30,608,427
Securities	21,934,829	5,387,879
Accounts receivable	65,058,000	59,461,958
Inventories	105,321,957	101,528,576
Prepaid expenses	<u>1,625,144</u>	<u>2,078,904</u>
Current assets	224,876,331	199,065,744
Current liabilities	<u>61,740,430</u>	<u>52,787,921</u>
Working capital	<u>\$163,135,901</u>	<u>\$146,277,823</u>

Principal changes in working capital in 1959 are accounted for as follows:

Additions:

Net income	\$ 21,371,257
Depreciation and disposal of property	16,160,652
Increase in notes payable	<u>4,845,240</u>
	<u>42,377,149</u>

Deductions:

Capital expenditures	14,536,353
Dividends paid	9,081,973
Investment in foreign subsidiary	1,154,582
Other items	<u>746,163</u>
	<u>25,519,071</u>

Increase in working capital \$ 16,858,078

INVENTORIES Inventories were at satisfactory levels at year end. A comparative summary as of December 31 follows:

	1959	1958
Finished goods	\$ 54,147,671	\$ 54,601,133
Work in process	18,543,999	16,549,242
Raw materials	23,729,115	21,620,907
Supplies	<u>8,901,172</u>	<u>8,757,294</u>
	<u>\$105,321,957</u>	<u>\$101,528,576</u>

**PROPERTY, PLANT
AND EQUIPMENT**

In 1959 American-Standard spent \$8,258,962 in the United States and \$6,277,391 in Canada and Europe for additions to, and improvements of, production and distribution facilities, bringing the total for the last five years to \$73,400,000 in the United States and \$32,800,000 in Canada and Europe.

Following is a comparative summary of property as of December 31:

	1959	1958
Plant and equipment	\$277,527,902	\$267,922,529
Less accumulated depreciation . .	<u>139,277,978</u>	<u>128,119,930</u>
	138,249,924	139,802,599
Land	<u>9,658,605</u>	<u>9,730,229</u>
	<u>\$147,908,529</u>	<u>\$149,532,828</u>

AUDITORS' REPORT

Stockholders and the Board of Directors,
American Radiator & Standard Sanitary Corporation:

We have examined the accompanying consolidated balance sheet of American Radiator & Standard Sanitary Corporation at December 31, 1959 and 1958 and the related consolidated statements of income and earned surplus for the years then ended. Of the foreign subsidiaries included therein, we examined the financial statements of the subsidiaries in Canada and France and accepted reports on examinations made by independent public accountants for the other foreign subsidiaries. All these examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of American Radiator & Standard Sanitary Corporation at December 31, 1959 and 1958 and the consolidated results of their operations for the years then ended, in conformity with generally accepted accounting principles. Such accounting principles have been applied on a consistent basis after giving retroactive effect to the re-establishment, which we approve, of the policy of consolidating foreign subsidiaries as explained in Note 1 to the financial statements.

New York, N. Y.
February 26, 1960

ARTHUR YOUNG & COMPANY

CONSOLIDATED BALANCE SHEET



Assets	At December 31	
	1959	1958
Cash	\$ 30,936,401	\$ 30,608,427
U. S. Government securities, at cost	17,085,959	—
Other marketable securities, at cost	4,848,870	5,387,879
Accounts receivable, less allowances for losses (1959, \$2,833,673; 1958, \$2,816,926)	65,058,000	59,461,958
Inventories (Note 2)	105,321,957	101,528,576
Prepaid expenses	1,625,144	2,078,904
Total current assets	224,876,331	199,065,744
Investment in foreign subsidiary not consolidated, at cost	2,081,429	926,847
Sundry investments and deferred items	3,608,924	3,152,371
Property, plant and equipment, at cost less accumulated depreciation (1959, \$139,277,978; 1958, \$128,119,930)	147,908,529	149,532,828
	\$378,475,213	\$352,677,790



Liabilities

	At December 31	
	1959	1958
Notes payable due in one year	\$ 3,131,120	\$ 131,120
Accounts payable and accrued liabilities	39,404,604	35,913,132
Taxes on income	19,204,706	16,743,669
Total current liabilities	61,740,430	52,787,921
Notes payable, less current portion (Note 3)	19,533,480	14,688,240
Minority interests in foreign subsidiaries	3,843,639	3,843,833
Reserve for foreign operations (Note 1)	14,915,569	14,849,962

Capital stock and surplus

Preferred stock—7% cumulative; \$100 par value, redemption price and preference on liquidation \$175 per share; authorized and outstanding 43,864 shares	4,386,400	4,386,400
Common stock—\$5 par value; authorized 15,000,000 shares; issued 11,709,936 shares	58,549,680	58,549,680
Capital surplus (Note 1)	59,128,112	59,128,112
Earned surplus (Notes 3 and 4)	156,732,926	144,443,642
	278,797,118	266,507,834
Common stock held in treasury—25,000 shares at cost	355,023	—
	278,442,095	266,507,834
	\$378,475,213	\$352,677,790

Reference is made to accompanying notes on page 17.

Consolidated Statement of Income



	Year ended December 31	
	1959	1958
Net sales	\$517,413,196	\$476,619,569
Cost of goods sold	412,413,323	385,754,813
Gross profit	104,999,873	90,864,756
Selling and administrative expense	64,170,997	60,316,887
	40,828,876	30,547,869
Interest expense, net	267,619	800,467
	40,561,257	29,747,402
Taxes on income	19,190,000	14,760,000
NET INCOME	\$ 21,371,257	\$ 14,987,402

Provision for depreciation included above: 1959, \$15,187,202; 1958, \$13,453,644.

Consolidated Statement of Earned Surplus

	Year ended December 31	
	1959	1958
Balance January 1	\$144,443,642	\$113,614,005
Undistributed earnings from consolidation of foreign subsidiaries (Note 1)	—	22,589,749
Net income for the year	21,371,257	14,987,402
	165,814,899	151,191,156
Dividends paid:		
Preferred	307,048	307,048
Common	8,774,925	6,440,466
	9,081,973	6,747,514
Balance December 31 (Notes 3 and 4)	\$156,732,926	\$144,443,642

Reference is made to accompanying notes on page 17.

Notes to Financial Statements



1. The Company, effective January 1, 1959, re-established the policy followed prior to World War II of consolidating the accounts of its foreign subsidiaries. The financial statements for the year 1959 include the accounts of all foreign subsidiaries except the recently acquired Brazilian subsidiary which is still in the development stage, and the statements for the year 1958 have been restated accordingly.

A reserve of \$17,500,000 for foreign operations has been provided from consolidated earned surplus as at December 31, 1954. Such reserve is available to absorb all unrealized exchange gains and losses and any extraordinary gains or losses, of a material amount, that might arise from foreign operations such as the effect of major exchange fluctuations or unsettled political conditions preventing normal commercial operations. Changes in the reserve in 1959 and 1958 have been occasioned by a net unrealized exchange gain of \$65,607 and a net unrealized exchange loss of \$1,495,535, respectively.

Capital surplus has been restated to include \$11,186,201 from the consolidation of foreign subsidiaries.

The asset, liability and income accounts of the consolidated foreign subsidiaries have been converted to U. S. dollars at rates of exchange quoted, generally, at the end of the respective years except that plant and equipment and related accumulated depreciation have been converted at rates of exchange quoted in the year of acquisition of the property involved.

2. Inventories aggregating \$35,028,245 at December 31, 1959 were priced at cost on a "last-in, first-out" basis. As a result of the application of this method, the carrying value of these inventories is approximately \$15,830,000 below current cost. The remainder of the inventories totaling \$70,293,712 was priced at cost or market, whichever was lower, cost being determined in part on a "first-in, first-out" basis and part on an average cost basis.

3. The details of notes payable at December 31, 1959 (excluding 1960 installments included in "Current Liabilities") follow:

U. S. COMPANY

4½% Term notes payable (under credit agreement dated January 1, 1957) which, subject to the right of prepayment, mature in quarterly installments to January 1, 1964	\$17,000,000
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FOREIGN SUBSIDIARIES

5½% Promissory notes due in annual installments from 1962 to 1977 . .	2,200,000
Other	333,480
	<u>\$19,533,480</u>

In accordance with the credit agreement dated January 1, 1957, earned surplus of the U. S. Company is restricted with respect to payment of dividends. At December 31, 1959 the earned surplus of the U. S. Company amounted to \$124,112,115, of which \$104,506,063 was covered by this restriction.

4. Reference is made to page 9 with respect to proceedings in the anti-trust suit.

5. Contributions to the Company's pension plans totaled \$4,802,543 in 1959 and \$4,252,719 in 1958. The estimated unfunded past service cost under these plans as of December 31, 1959, amounted to \$21,000,000.

6. On September 10, 1959 the Board of Directors adopted, subject to approval by stockholders, a restricted Stock Option Plan under which 500,000 shares of common stock may be optioned to key employees of the Company and its subsidiaries. Option prices may not be less than the fair market value on the date the option is granted, and options may not be granted after September 9, 1969. Under the Plan, the Company may deliver either unissued shares or shares acquired and held in its treasury.

On October 1, 1959 options to purchase a total of 189,500 shares at \$14.63 per share were granted to certain key employees, subject to approval of the Plan by stockholders. All options expire ten years from the date of grant except that options covering 84,000 shares are for shorter terms expiring not more than three months after the normal retirement of the respective optionees. All options granted are exercisable in installments on a cumulative basis over the life of the option, the first installment being exercisable October 1, 1961.

STATISTICAL SUMMARIES

AMOUNTS IN THOUSANDS EXCEPT AS INDICATED



Statement of Income

	Consolidated		U. S. Company		Foreign Subsidiaries	
	1959	1958	1959	1958	1959	1958
Net sales	\$517,413	\$476,620	\$397,148	\$350,060	\$120,265	\$126,560
Cost of goods sold	412,413	385,755	322,200	290,331	90,213	95,424
Gross profit	105,000	90,865	74,948	59,729	30,052	31,136
Selling and administrative expense	64,171	60,317	51,646	47,880	12,525	12,437
	40,829	30,548	23,302	11,849	17,527	18,699
Interest expense, net	268	801	424	851	(156)	(50)
	40,561	29,747	22,878	10,998	17,683	18,749
Taxes on income	19,190	14,760	11,804	6,084	7,386	8,676
NET INCOME	<u>\$ 21,371</u>	<u>\$ 14,987</u>	<u>\$ 11,074(A)</u>	<u>\$ 4,914(A)</u>	<u>\$ 10,297</u>	<u>\$ 10,073</u>

Balance Sheet

	Consolidated		U. S. Company		Foreign Subsidiaries	
	1959	1958	1959	1958	1959	1958
ASSETS						
Cash	\$ 30,936	\$ 30,608	\$ 22,356	\$ 21,988	\$ 8,580	\$ 8,620
U. S. Government securities	17,086	—	16,661	—	425	—
Other marketable securities	4,849	5,388	—	—	4,849	5,388
Accounts receivable, net	65,058	59,462	46,692	41,598	18,366	17,864
Inventories	105,322	101,529	79,365	75,782	25,957	25,747
Prepaid expenses	1,625	2,079	1,271	1,725	354	354
Total current assets	224,876	199,066	166,345	141,093	58,531	57,973
Investment in foreign subsidiary not consolidated ..	2,081	927	—	—	2,081	927
Sundry investments and deferred items	3,609	3,152	2,868	2,496	741	656
Property, plant and equipment, net	147,909	149,533	107,772	110,684	40,137	38,849
	<u>\$378,475</u>	<u>\$352,678</u>	<u>\$276,985</u>	<u>\$254,273</u>	<u>\$101,490</u>	<u>\$ 98,405</u>
LIABILITIES						
Notes payable due in one year	\$ 3,131	\$ 131	\$ 3,000	—	\$ 131	\$ 131
Accounts payable and accrued liabilities	39,405	35,913	25,789	\$ 22,982	13,616	12,931
Taxes on income	19,204	16,744	11,046	5,023	8,158	11,721
Total current liabilities	61,740	52,788	39,835	28,005	21,905	24,783
Notes payable, less current portion	19,533	14,688	17,000	12,000	2,533	2,688
Minority interests in foreign subsidiaries	3,844	3,844	—	—	3,844	3,844
Reserve for foreign operations	14,916	14,850	—	—	14,916	14,850
STOCKHOLDERS' EQUITY	278,442	266,508	220,150	214,268	58,292	52,240
	<u>\$378,475</u>	<u>\$352,678</u>	<u>\$276,985</u>	<u>\$254,273</u>	<u>\$101,490</u>	<u>\$ 98,405</u>

STATISTICAL SUMMARIES

AMOUNTS IN THOUSANDS EXCEPT AS INDICATED



Five Year Statistics

	1959	1958	1957	1956	1955
Sales					
U. S. Company	\$397,148	\$350,060	\$367,439	\$400,176	\$399,027
Foreign subsidiaries	120,265	126,560	115,441	112,733	101,049
Consolidated	<u>517,413</u>	<u>476,620</u>	<u>482,880</u>	<u>512,909</u>	<u>500,076</u>
Net income					
U. S. Company (A)	11,074	4,914	6,799	14,293	19,072
Foreign subsidiaries	10,297	10,073	8,620	9,237	10,936
Consolidated	<u>21,371</u>	<u>14,987</u>	<u>15,419</u>	<u>23,530</u>	<u>30,008</u>
Per share of common stock	1.80	1.25	1.29	1.98	2.54
Dividends paid on common stock					
Total	8,775	6,440	12,881	16,394	15,287
Per share of common stock75	.55	1.10	1.40	1.31
Common stockholders' equity in net assets					
U. S. Company	215,764	209,882	207,525	208,189	205,244
Foreign subsidiaries	58,292	52,240	46,357	43,463	38,314
Total	<u>274,056</u>	<u>262,122</u>	<u>253,882</u>	<u>251,652</u>	<u>243,558</u>
Per share of common stock	23.45	22.38	21.68	21.49	20.80
Net current assets					
U. S. Company	126,510	113,088	109,440	113,724	117,525
Foreign subsidiaries	36,626	33,190	32,758	34,412	33,067
Total	<u>163,136</u>	<u>146,278</u>	<u>142,198</u>	<u>148,136</u>	<u>150,592</u>
Property, plant and equipment, net					
U. S. Company	107,772	110,684	111,925	96,045	88,670
Foreign subsidiaries	40,137	38,849	36,091	30,800	26,613
Total	<u>147,909</u>	<u>149,533</u>	<u>148,016</u>	<u>126,845</u>	<u>115,283</u>
Capital expenditures					
U. S. Company	8,259	10,099	25,387	15,897	13,723
Foreign subsidiaries	6,277	6,766	9,074	6,434	4,287
Total	<u>14,536</u>	<u>16,865</u>	<u>34,461</u>	<u>22,331</u>	<u>18,010</u>
Provision for depreciation					
U. S. Company	10,386	9,378	9,120	7,392	6,972
Foreign subsidiaries	4,801	4,076	3,669	2,871	2,310
Total	<u>15,187</u>	<u>13,454</u>	<u>12,789</u>	<u>10,263</u>	<u>9,282</u>
Average number of employees					
U. S. Company	22,000	21,600	23,200	25,600	26,700
Foreign subsidiaries	15,100	15,800	16,200	14,700	13,100
Total	<u>37,100</u>	<u>37,400</u>	<u>39,400</u>	<u>40,300</u>	<u>39,800</u>

(A) Exclusive of dividends received from consolidated foreign subsidiaries.



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Canadian Subsidiary

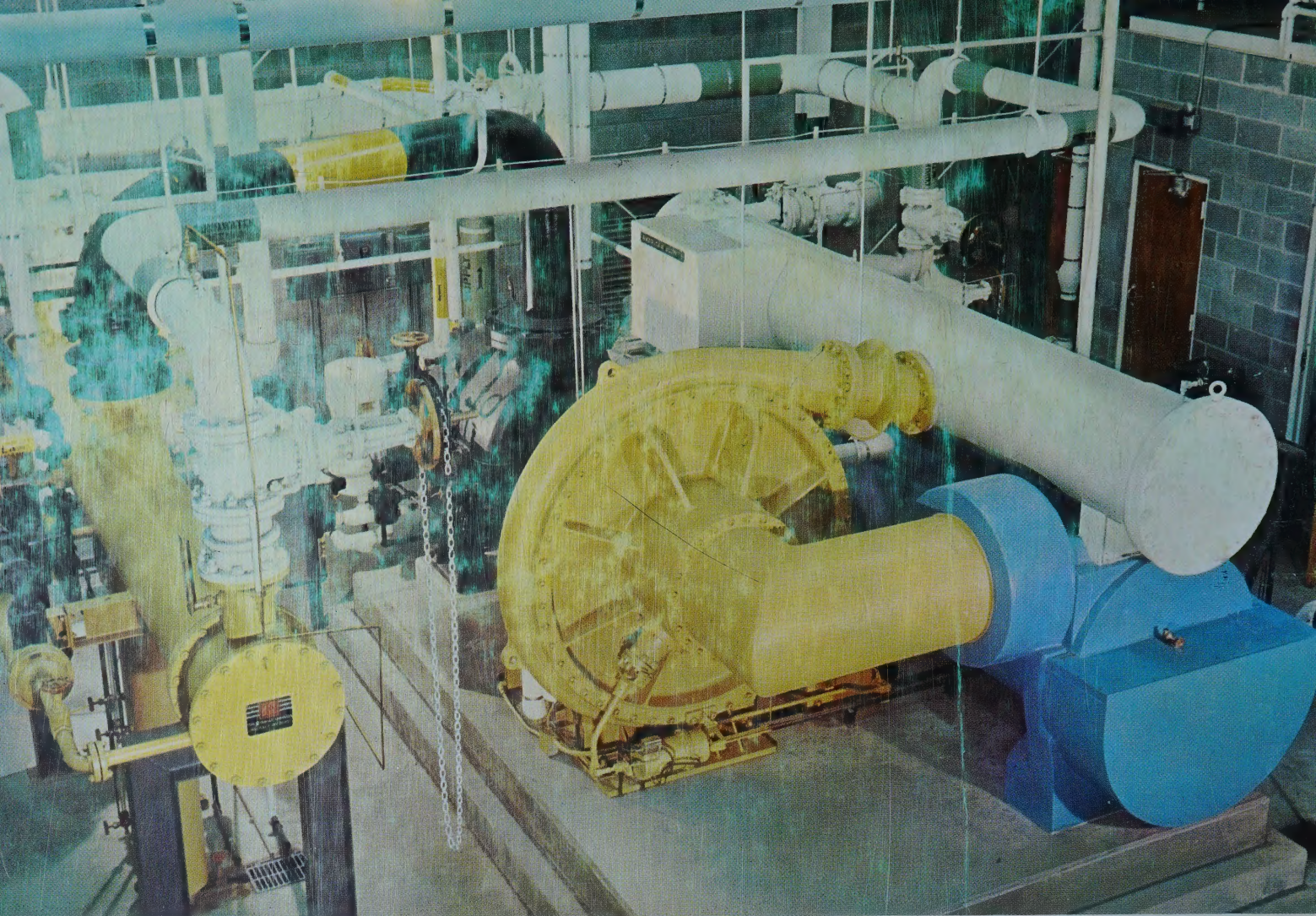
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